

Childers Praises Implementation of Credit Cardholders' Bill of Rights

Legislation goes into effect today, enacts unprecedented consumer protection

February 22, 2010

Washington, DC – Congressman Travis Childers (MS-01) today praised the implementation of the Credit Cardholders' Bill of Rights, or the CARD Act (H.R. 627), which contains several strict protections for consumers – banning unfair interest rate increases and forbidding abusive fees and penalties by credit card companies. The majority of the bill's provisions will go into effect today.

"Card issuers have a right to set their own rates and make a profit. What they don't have a right to do is use unfair practices to earn that profit," said Congressman Childers. "A deal is a deal, and when a consumer and a card company enter into a contract, it should be a two-way street. The Credit Cardholders' Bill of Rights contains important provisions that level the playing field, which hard-working North Mississippians need now more than ever. I was proud to vote for the Credit Cardholders' Bill of Rights to provide consumers with these crucial protections, and I will continue working to safeguard North Mississippians' hard-earned dollars."

The Credit Cardholder's Bill of Rights was signed into law on May 22, 2009 and began to take effect in August of last year. Among other consumer protections included in the bill, consumers are now given the right to refuse to accept rate hikes and pay off existing credit card balances under the old rate. In the new law, credit card companies are required to give 45 days' notice of any rate increases on new purchases. If a consumer receives notice of a rate hike, they can now simply notify the card company that they reject the rate hike and want to close the account.

Provisions of the Credit Cardholders' Bill of Rights include the following:

- Companies must provide notice of any rate hike or change 45 days in advance.
- Account statements must be sent 21 days in advance of the payment due date.
- Interest rate hikes on existing balances are prohibited, only on future purchases.
- Penalty rate increases for payments less than 60 days overdue are banned.
- Charging interest on debts paid on-time is banned.
- "Due-date" gimmicks such as setting morning times for payments, before mail is delivered or charging fees for paying a bill by phone or internet is banned.
- Requires promotional rates to last at least six months.
- Consumers under 21 must demonstrate an ability to pay or have a parent cosign to be eligible for a credit card.

A pro-gun, pro-life Mississippian, Congressman Travis Childers (D-MS) represents the First Congressional District in North Mississippi. He is a member of the fiscally conservative Blue Dog Coalition and serves on the House Agriculture and Financial Services Committee. Congressman Childers co-chairs the reestablished bipartisan Congressional Rural Caucus and was appointed to the bipartisan Second Amendment Task Force. For more information, visit www.childers.house.gov

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